

Message Text

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21/46

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 H-02 SAM-01 TRSE-00 COME-00 SP-02

L-03 OMB-01 ARA-06 SS-15 NSC-05 NSCE-00 INRE-00

CIAE-00 INR-07 NSAE-00 PRS-01 SSO-00 /063 W

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O 101615Z JUL 75

FM AMEMBASSY MADRID

TO SECSTATE WASHDC IMMEDIATE 2391

C O N F I D E N T I A L MADRID 4799

C O R R E C T E D C O P Y (CORRECT GBLD TEXT PARA 1.)

DEPT PLS PASS TO SECRETARY

DEPT FOR AMB MCCLOSKEY

E.O. 11652: GDS

TAGS: ETRD, SP, CU

SUBJ: TREASURY FOREIGN ASSETS CONTROLS: CHRYSLER

ESPAÑA SALE TO CUBA

REF: MADRID 4772

1. FON MIN CHIEF OF NORTH AMERICAN AND EUROPEAN
ECONOMIC AFFAIRS (GARAYALDE) CALLED EMBASSY ECONOMIC/COMMRCIAL
COUNSELOR O FON MINISTRY ON URGENT BASIS JULY 10 TO
CONVEY "GRAVE CONCERN" OF GOS OVER U.S. REFUSAL AUTHOR-
IZE SALE OF CHRYSLER HEARS TO HERMANOS BARREIROS.
AFTER SUMMARIZING SEQUENCE OF EVENTS IN TRANSACTION,
BASED ON MEMORANDUM SENT TO FON MINISTRY BY BARREIROS,
GARAYALDE SAID GOS GREATLY CONCERNED BY U.S. DECISION
WHICH COULD CAUSE DIFFICULTIES IN SPAINSH-AMERICAN
RELATIONS DURING TIME OF IMPORTANT BILATERAL NEGOTIATIONS.
HE SAID GOS FOUND IT DIFFICULT TO UNDERSTAND NEGATIVE
U.S. ATTITUDE AFTER CONTRACT ALREADY SIGNED BETWEEN
SPANISH FIRM AND CUBA, AND AFTER EXPORT LICENSE AND
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CREDIT AUTHORIZED BY GOS. GARAYALDE SAID THAT AS DEMON-

STRATION OF GOOD WILL AND TO AVOID DAMAGING BILATERAL RELATIONS, GOS REQUESTS U.S. GRANNT EXCEPTION ALLOWING COMPLETION OF THIS INNOCUOUS TRANSACTION AS HAD BEEN DONE FOR ARGENTINA AND OTHER COUNTRIES FOR SALES TO CUBA OF GREATER MAGNITUDE.

2. BARREIROS MEMORANDUM WHICH GARAYALDE SUMMARIZED STATES SHRYSLER ESPANA AWARE FROM OUTSET HEARSES WERE DESTINED FOR CUBA, AND THAT IN JAN 1975 CHRYSLER INFORMED BARREIROS VERBALLY IT COULD AUTHORIZE EXPORT TO CUBA PROVIDED THAT HEARSE CHASSIS ADDED BY COMPANY OTHER THAN CHRYSLER AND THAT BARREIROS WOULD BE ACTUAL EXPORTER. ON BASIS THIS UNDERSTANDING, BARREIROS SIGNED SALES CONTRACT IN LATE MARCH WITH CUBAN FIRM, TRANSIMPORT, S.A., FOR TATAL VALUE OF 47,362,896 PESETAS (ABOUT \$845,000). SUBSEQUENTLY GOS ISSUED EXPORT LICENSE AND APPROVED TRANSACTION FOR INCLUSION IN CREDIT AGREEMENT BETWEEN BANCO EXTERIOR DE ESPANA AND BANCO NATIONAL DE CUBA. DURING JUNE, BARREIROS RECEIVED GUARANTEE OF 10 PERCENT INITIAL PAYMENT FORM BANCO EXTERIOR DE ESPANA AND RISK INSURANCE FROM GOS. ONLY ON JULY 2 DID CHRYSLER ESPANA INFORM BARREIROS IT COULD NOT COMPLETE SALE.

3. EMBASSY ECON/COMM COUNSELOR EXPLAINED THAT U.S. LAW AND REGULATIONS PROHIBIT BUSINESS TRANSACTIONS BETWEEN CUBA AND FIRMS IN WHICH THERE U.S. EQUITY OWNERSHIP AND THAT LAW APPLIES EQUALY TO SUCH FIRMS IN WHATEVER COUNTRY THEY MAY BE LOCATED. COUNSELOR ADDED THAT WHILE HE UNDERSTOOD EXCEPTIONS HAD BEEN MADE IN PAST, THEY WERE RARE AND INVOLVED EXTRAORDINARY CIRCUMSTANCES. GARAYALDE RESPONDED THAT GOS IS REQUESTING EXCEPTION AND FEELS JUSTIFIED IN DOING SO GIVEN CIRCUMSTANCES OF TRANSACTION.

4. COMMENT: THIS PROMPT FOLLOW-UP BY FON MINISTRY TO COMMERCE MINISTER'S JULY 9 DEMARCHE WITH AMBASSADOR (REFTEL) UNDERLINES DETERMINATION OF GOS TO PRESS FOR EXCEPTION.

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NOTE BY OC/T: NOT PASSED SECRETARY.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, EXPORT CONTROLS, AUTOMOBILES, TRADE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MADRID04799
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750241-0731
From: MADRID
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750769/aaaacjwy.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 MADRID 4772
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUN 2003 by ElyME>; APPROVED <27 OCT 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TREASURY FOREIGN ASSETS CONTROLS: CHRYSLER ESPANA SALE TO CUBA
TAGS: ETRD, SP, CU, CHRYSLER CORPORATION
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006